



U. S. Department of Justice

United States Trustee
Central District of California

221 N. Figueroa Street
Suite 800
Los Angeles, CA 90012-2650

Chapter 7 (213) 894-6387
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March 25, 2002

To: All Chapter 7 Trustees

From: L. Charmayne Mills, Regional Assistant United States Trustee

Re: Revised Forms and Procedures for Use in the Chapter 7
Asset Case Closing Process effective July 1, 2002

The chapter 7 asset case closing procedures are being amended effective July 1, 2002, to more closely reflect the process set forth in the *Amended Memorandum of Understanding Between the Executive Office for United States Trustees and the Administrative Office of the United States Courts Regarding Case Closing and Post Confirmation Chapter 11 Monitoring* dated April 1, 1999 ("Amended MOU") and the *Handbook for Chapter 7 Trustees* dated March 1, 2001. The case closing procedures described in both of these documents envision that if the court awards compensation and expenses as provided in the final report, and the Office of the United States Trustee ("OUST") has approved the final report, upon entry of the compensation and expense order, the trustee shall commence payment of dividends. This is in contrast to the current procedure that requires the chapter 7 trustee to receive authorization from the OUST prior to making any distribution, even when the OUST has no objection and the court has awarded fees and expenses. This is an unnecessary step which, if deleted, would eliminate the delay caused by the existing review process in virtually all cases.^{1/}

Existing Procedures

At the present time, the closing process consists of three primary phases. First, the trustee is required to submit a final report of the estate administration. Based on the filing of the final report with the court, a hearing is held to determine administrative allowances for fees and expenses. Second, after the allowances are determined, the trustee calculates the distributions to all parties and submits it to the OUST for review. Once authorization is received from the OUST, the trustee proceeds with the distribution. The third phase commences when the estate

^{1/}These changes are effective on the same day, July 1, 2002, that all trustees are required to file an electronic Form 4 with the OUST in each case being closed, unless a waiver is received from the United States Trustee.

bank accounts reflect a zero balance. At that point, the trustee submits a Statement of Zero Balance Report pursuant to FRBP 3011 stating that estate accounts hold no funds and requesting that the case be closed by the court.

New Procedures

A. Changes in TDR Review Process

Effective July 1, 2002, the requirement to submit the *Trustee's Report of Distributions and Dividend Payments* to the OUST for review prior to disbursement has been eliminated, thereby also eliminating the 30 day objection period in all cases where the court has awarded compensation and expenses as provided for in the *Notice of the Filing of Final Report and Hearing on Applications for Approval of Professional Fees and Expenses*, and the OUST has approved the final report. Rather, upon entry of the compensation and expense order, the trustee shall commence payment of dividends in accordance with the proposed dividend report attached to the approved final report. Moreover, if the court modifies the fees and expenses in such a way that dividends to creditors are **increased**, the trustee should still proceed with the distribution and footnote the difference.² In addition, for administratively insolvent cases, trustees should proceed with the prorata distribution for administrative expenses that would be verified by the OUST post-distribution.

The trustee should make the final distribution to creditors as soon as possible but no later than 30 days of the entry of the final orders on compensation and expenses. The trustee should continue to follow existing procedures regarding the transmittal of miscellaneous court costs and for dividends that fall under FRBP 3010. This is also true for the handling of unclaimed funds under FRBP 3011.

Under the proposed procedure, within 150 days after the entry of the *Order Allowing Administrative Claims, Professional Fees and Expenses, Trustee Fees and Expenses*, a trustee must submit to the OUST for review a final account signed under penalty of perjury that the estate has been fully administered. The *Trustee's Final Account, Certification that the Estate has been Fully Administered and has a Zero Balance, Form 4 - Distribution Report for Closed Asset Cases, and Application for Discharge* that would be submitted for review to the OUST post-distribution. This is final accounting of distributions in the case and the trustee must attach:

1. Form 4 - Distributions Report for Closed Asset Cases;
2. Form 2 - Cash Receipts and Disbursement Record; and
3. Original Bank Statements and Canceled Checks.

²The AMOU provides that any modification to the OUST-approved final report's proposed distribution or professional fees and expenses requires that the trustee submit the revised proposed distribution to the OUST for approval. We are suggesting that this be done only if the modification affects creditors negatively.

The original *Final Account* and two copies should be submitted to the OUST for review.³ Within 30 days of receipt, the OUST must complete its review and file the original with the court along the following statement:

The United States Trustee has fully reviewed the *Final Account*, *Certification that the Estate has been Fully Administered and has a Zero Balance*, *Distribution Report for Closed Asset Case*, and *Application for Discharge* of the trustee in accordance with the standard set forth in the AMOU and has no objection to the trustee's certification that the estate has been fully administered and is ready to close.

If, however, the court in a rare instance modifies the fees and expenses resulting in a decrease in dividends to creditors or an increase in fees and expenses to professionals, the trustee must not make the distribution of dividends until the proposed dividend distribution report has been reviewed by the OUST. Under this scenario, the trustee would receive notification back within 30 days authorizing the distribution similar to the existing process. Within 150 days of the distribution, the trustee would prepare a final account as set forth above.

Other Changes - Interest Bearing Funds

In conjunction with the above changes, effective immediately trustees are authorized to maintain estate funds in an interest bearing account until they are ready to distribute the funds. Under the current closing procedures in this region, trustees are required to close all investment and interest bearing accounts within 30 days prior to the submission of the final report for review. This process was developed to eliminate the submission of supplemental final reports. Rather than close interest bearing accounts, the trustee may keep funds invested until the trustee is ready to distribute funds to creditors. The difference between the distribution as calculated in the *TFR* and reported in the *Final Account* should be footnoted in the *Final Account*. The trustee may request in the *TFR* that the court authorize a fee on the increase or waive the fee. If the balance on hand is less than an amount that would justify the estate funds remaining invested, such as if it would cause additional tax preparation work to be required, the trustees may close accounts and prepare the *TFR*. The *TFR* should include a justification for closing interest bearing accounts as trustees are always accountable for their investment decisions.

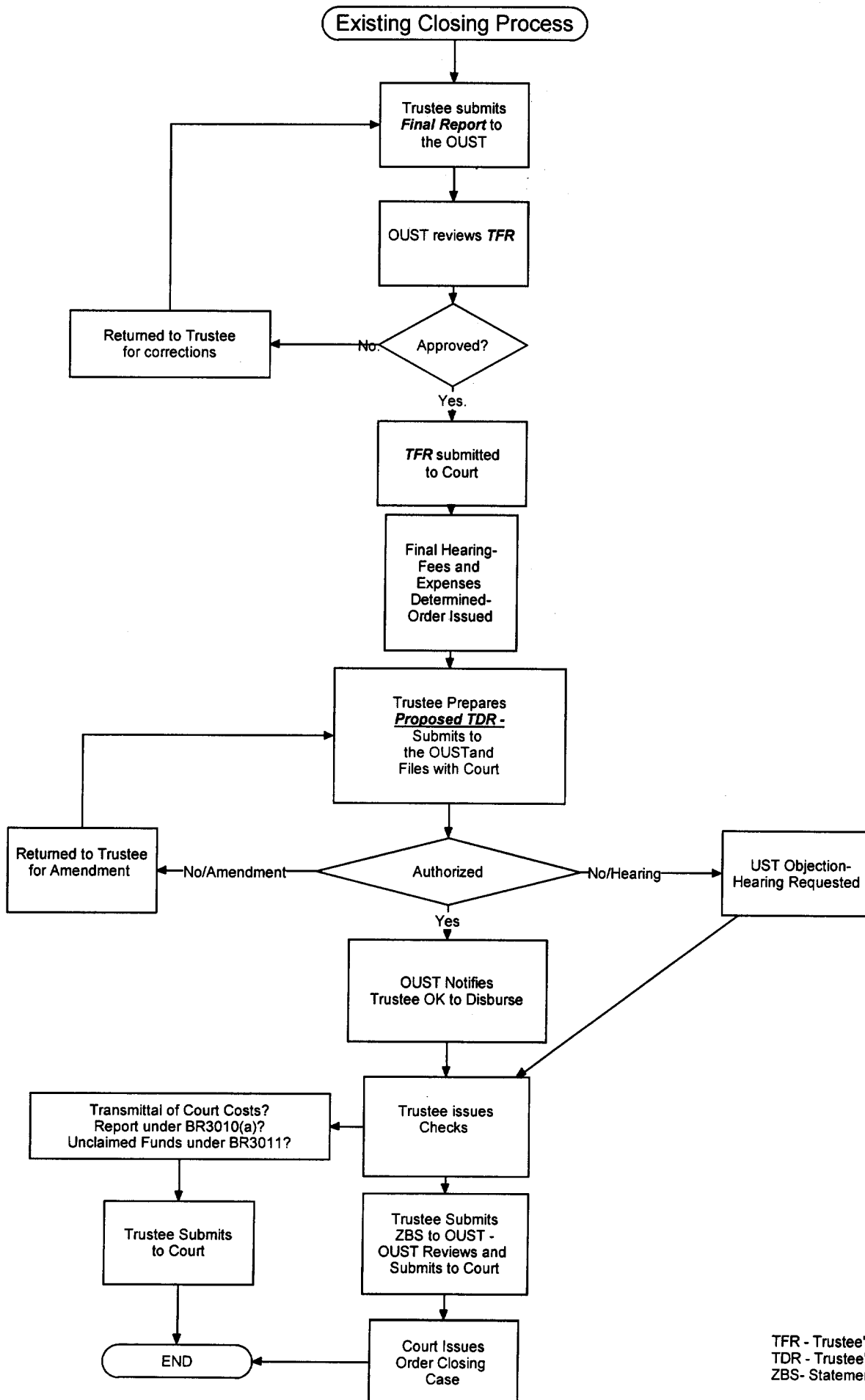
Please contact me or Carol if you have any questions.

Attachments

³The original *Final Account* will be filed with the court and a reviewed copy will be returned to the trustee along with the OUST's statement of review. One copy will be maintained by the OUST. All original bank statements and cancelled checks will also be returned to the trustee.

cc: Maureen A. Tighe, United States Trustee
All Assistant United States Trustees
All Los Angeles and Woodland Hills Attorneys, Analysts and Paralegal Specialists
All Central District Judges
Jon D. Ceretto, Clerk of the Court
Michael Rotberg, Chief Deputy of Operations

Flowchart of Existing Procedures/ Forms Presently Used



TFR - Trustee's Final Report
 TDR - Trustee's Distribution Report
 ZBS- Statement of Zero Balance

Forms Presently Used in the Chapter 7 Case Closing Process

The following is a list of the more significant forms utilized by chapter 7 trustees in the case closing process. The forms are presented in order of use:

- Step 1: Trustee files Notice to Professionals to File Applications for Compensation with the Clerk of the Court;
- Step 2: Trustee prepares and submits to the OUST the following three documents:
- Trustee's Final Report; Application for Trustee Fees and Expenses; and Report of Proposed Distribution. Attachments include:
 - Form 1 - Individual Estate Property Record
 - Form 2 - Cash Receipts and Disbursement Record
 - Summary of Receipts and Disbursements
 - Trustee's Statement of Activities
 - For cases where the trustee's fee is greater than \$3,000, trustee time records
 - Annotated Claims Register
 - Trustee's Report of Proposed Distribution
 - Tax Clearance Letter
 - Escrow Statement, if applicable
 - Calculation of Trustee's Fee in a Surplus Case, if applicable
 - For all cases filed on or after 1/1/95, all original bank statements and cancelled checks
 - Pursuant to General Order 96-01, Notice of Filing of Trustee's Final Report and Hearing on Applications for approval of Professional Fees and Expenses. Attachments include:
 - Modified Summary of Receipts and Disbursements
 - Trustee's Report of Proposed Distribution
 - Pursuant to General Order 96-01, Order Allowing Administrative Claims, Professional Fees and Expenses, Trustee Fees and Expenses
- Step 3: The trustee submits to the OUST and files with the Court Trustee's Report of Distributions and Dividend Payments. (TDR) Attachments include:
- Attachment No. 1 - Breakdown of Disbursements
 - Attachment No. 2 - Listing of Dividend Payments

OUST reviews the TDR and prepares Memorandum re: United States Trustee Review and Approval of the Trustee's Report of Distributions and Dividend Payments which is submitted to the trustee.

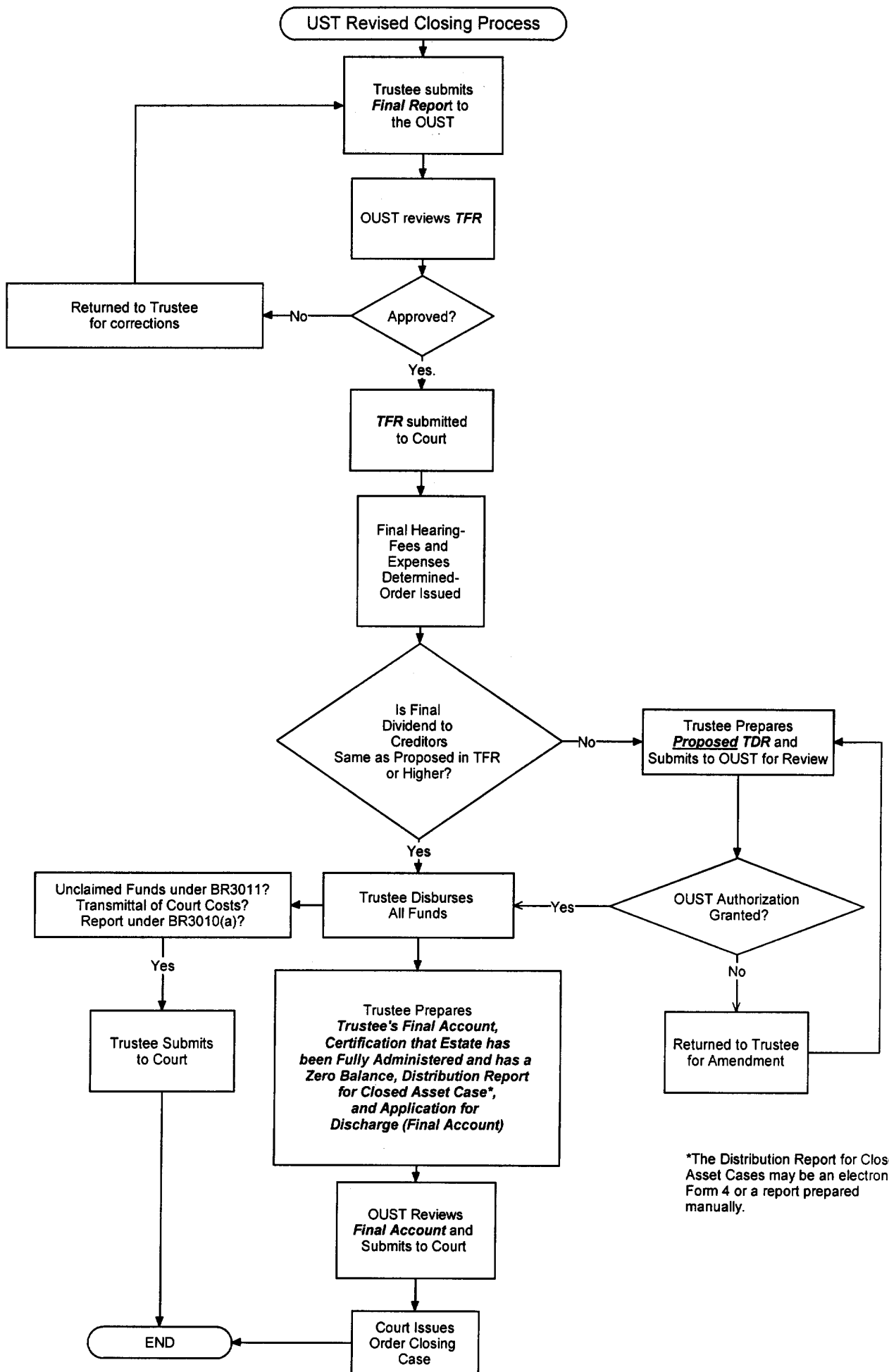
Step 4: Report of Trustee under FBRP 3010 is filed with the Court and submitted to the OUST, if required.

Step 5: Notice of Unclaimed Dividends under 3011 is filed with the Court and submitted to the OUST, if required.

Step 6:: Statement of Zero Balance is submitted to the OUST. Attachments include all original bank statements and canceled checks generated since the filing of the Trustee's Final Report. OUST submits ZBS to the Court.

Step 6: Clerk issues Order Closing Case. If the case was filed or converted after 7/1/99 or if the report is submitted on or after 7/1/02, a Form 4 must be submitted to the OUST by mail and e-mail.

Flowchart of Proposed Procedures/ Revised Forms



*The Distribution Report for Closed Asset Cases may be an electronic Form 4 or a report prepared manually.

Revised Forms and Procedures for Use in the Chapter 7 Case Closing Process

The following is a list of the more significant forms chapter 7 trustees will now utilize in the case closing process. The forms are presented in order of use:

Exhibit A: Trustee files Notice to Professionals to File Applications for Compensation with the Clerk of the Court;

Exhibits B-D: Trustee prepares and submits to the OUST the following three documents:

Exhibit B

- Trustee's Final Report; Application for Trustee Fees and Expenses; and Report of Proposed Distribution. Attachments include:
 - Form 1 - Individual Estate Property Record
 - Form 2 - Cash Receipts and Disbursement Record
 - Summary of Receipts and Disbursements
 - Trustee's Statement of Activities
 - For cases where the trustee's fee is greater than \$3,000, trustee time records
 - Annotated Claims Register
 - Trustee's Report of Proposed Distribution
 - Tax Clearance Letter
 - Escrow Statement, if applicable
 - Calculation of Trustee's Fee in a Surplus Case, if applicable
 - For all cases filed on or after 1/1/95, all original bank statements and cancelled checks

Exhibit C

- Pursuant to General Order 96-01, Notice of Filing of Trustee's Final Report and Hearing on Applications for approval of Professional Fees and Expenses. Attachments include:
 - Modified Summary of Receipts and Disbursements
 - Trustee's Report of Proposed Distribution

Exhibit D

- Pursuant to General Order 96-01, Order Allowing Administrative Claims, Professional Fees and Expenses, Trustee Fees and Expenses

Note**If the final dividend to creditors is the same or higher than that which was proposed in the Trustee's Final Report, the trustee may immediately proceed with the disbursement to creditors and professional.

Upon completion of the disbursement, the Trustee may file the Report of Trustee under FBRP 3010 with the Court, if required. In addition, the Trustee may be required to file with the Court a Notice of Unclaimed Dividends under 3011. Copies of both should also be submitted to the OUST(Examples of these forms are not attached).

Exhibit E: After all funds are disbursed, Trustee prepares and submits to the OUST the Trustee's Final Account, Certification that the Estate has been Fully Administered and has a Zero Balance, Form 4- Distribution Report for Closed Assets Cases, and Application for Discharge.

Exhibit F: If the final dividend to creditors is *lower* than that which was proposed in the Trustee's Final Report, the trustee must submit to the OUST and file with the Court an Amended Trustee's Report of Proposed Distributions and Dividend Payments. Attachments include:

- Attachment No. 1 - Breakdown of Disbursements
- Attachment No. 2 - Listing of Dividend Payments

OUST reviews and prepares Memorandum re: United States Trustee Review of the Amended Trustee's Report of Proposed Distributions and Dividend Payments. This is submitted to the trustee as authorization to proceed with the distribution immediately. When the distribution is completed and the estate account has a zero balance, the trustee files the Final Account (See Exhibit E)

After receipt of the Trustee's Final Account, the Clerk of the Court issues the Order Closing Case. (A copy of this document is not attached).

Exhibit A
Notice to Professionals

TRUSTEE NAME
ADDRESS
PHONE

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA

In re:	)	Case No.
	)	Chapter 7
)	
)	
)	
	)	NOTICE TO PROFESSIONALS TO
	)	FILE APPLICATIONS FOR
	)	COMPENSATION
)	
Debtor(s).	)	[NO HEARING REQUIRED]
_____)	

TO THE U.S. BANKRUPTCY COURT, U.S. TRUSTEE, ATTORNEY FOR THE
DEBTOR, AND TO EVERY PROFESSIONAL PERSON ENTITLED TO CLAIM
COMPENSATION PAYABLE AS AN ADMINISTRATIVE EXPENSE TO THE
ESTATE:

YOU ARE HEREBY NOTIFIED that the Chapter 7 Trustee is prepared to file a Final
Report and Account.

Professional persons are notified that the last day for filing applications for compensation is 21 days after the mailing of this notice pursuant to Local Bankruptcy Rule 2016-1(b)(4)(B).

Dated:

Chapter 7 Trustee

PROOF OF SERVICE BY MAIL

STATE OF CALIFORNIA
COUNTY OF LOS ANGELES

I am employed in the County of Los Angeles, State of California, in the _____ under the supervision of a member of the bar of this Court at whose direction the service hereinafter described was made; I am over the age of 18 and not a party to the within action; and my business address is: _____.

On _____, I served the foregoing document described as: **NOTICE TO PROFESSIONALS TO FILE APPLICATIONS FOR COMPENSATION** on the interested parties at their last known address in the action by placing a true and correct copy thereof in a sealed envelope with sufficient postage thereon full prepaid, in the United States Mail at Los Angeles, California, addressed as follows:

SEE ATTACHED SERVICE LIST

I declare under penalty of perjury that the foregoing is true and correct.

Dated:

Exhibit B-1
Trustee's Final Report

TRUSTEE NAME
ADDRESS
PHONE

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA

In re:	)	Case No.
	)	Chapter 7
)	
)	
	)	TRUSTEE'S FINAL REPORT;
	)	APPLICATION FOR TRUSTEE
	)	FEES AND EXPENSES; AND REPORT
	)	OF PROPOSED DISTRIBUTION
)	
)	
	)	Date: HEARING REQUESTED
Debtor(s).	)	Time:
_____	)	Ctrm:

TO THE HONORABLE _____, UNITED STATES BANKRUPTCY
JUDGE, UNITED STATES TRUSTEE, AND OTHER PARTIES IN INTEREST:

_____, was appointed trustee in this case on _____ and certifies to the Court and the United States Trustee that this estate has been fully administered in accordance with the provisions of 11 U.S.C. 704; the trustee's fees and expenses are reasonable and necessary as specified in 11 U.S.C. 326; and the proposed distribution is consistent with 11 U.S.C. 726 and applicable rules of the Court.

The trustee also respectfully represents that:

1. The time for filing claims in this case expired on _____. The trustee has examined all claims, and objections have been determined by the Court as required. The allowed claims for which the trustee expects to pay a dividend are reflected below:

Administrative Claims:	\$ _____
Priority Claims:	\$ _____
Secured Claims:	\$ _____
Unsecured Claims:	\$ _____
TOTAL	\$ _____
Miscellaneous Court Costs:	\$ _____
U.S. Trustee Fees:	\$ _____

2. To the best of the trustee's knowledge, all professionals employed by the estate have been notified to file applications for compensation. The bar date for filing applications for compensation was _____.

3. The following narrative statement describing the administration of the case includes a summary of the major actions taken by the trustee and the relevant justification of these actions. (The narrative should include a statement regarding the trustee's review of the estate's tax obligation and the filing of any returns. A copy of the clearance letters from IRS and the Franchise Tax Board should be attached as an exhibit to the final report.)

4. During the course of administering the estate, the trustee had the following monetary activity:

Receipts \$ _____

Disbursements \$ _____

Balance on Hand \$ _____

5. The trustee respectfully requests the statutory fee allowed in this case in the sum of \$ _____, based upon the total disbursements of \$ _____.

6. The trustee has no agreement with any other person for sharing compensation for services in connection with this case.

7. All property of the estate, except that claimed exempt by the debtor without objection, or determined exempt by the Court, has been inventoried, collected and liquidated, abandoned or returned to the debtor, pursuant to court order, except the following asset(s) which the trustee requests be abandoned (list):

8. Attached are:

EXHIBIT A - Form 1 - Individual Estate Property Record and Report;

EXHIBIT B - Form 2 - Cash Receipts and Disbursements Record with Bank

Reconciliation Form and current bank statement;

EXHIBIT C - Summary of Receipts and Disbursements;

EXHIBIT D - Trustee's Statement of Activities;

EXHIBIT E - Trustee's Time Record, if applicable;

EXHIBIT F - Annotated copy of the creditor register;

EXHIBIT G - Trustee's Report of Proposed Distributions;

EXHIBIT H - Copies of the tax clearance letters from IRS and the Franchise Tax

Board; and

EXHIBIT I - Copies of all escrow statements with respect to the sale of real property
and liquor licenses.

THEREFORE, the trustee prays that, after distributions have been made to creditors, the
trustee be discharged from this case and that the trustee's bond be exonerated.

Dated: _____

Chapter 7 Trustee

Exhibit B-2
TFR Attachment
Summary of Receipts
and
Disbursements

SUMMARY OF RECEIPTS AND DISBURSEMENTS

1. RECEIPTS:

Sale of Personal Property	\$ _____
Liquidation of Real Property	\$ _____
Tax Refunds	\$ _____
Collection of Accounts Receivable	\$ _____
Interest	\$ _____
Other (List)	\$ _____
Utilities	\$ _____
Workers Compensation	\$ _____
TOTAL:	A. \$ _____

2. DISBURSEMENTS:

Administrative Rent	\$ _____
Bond Premium	\$ _____
Utilities	\$ _____
Insurance	\$ _____
Property Maintenance	\$ _____
Storage Costs	\$ _____
Secured Creditors	\$ _____
Federal & State Payroll Taxes	\$ _____
State Sales & Use Taxes	\$ _____
Other Taxes (List)	\$ _____
Real Estate Taxes	\$ _____
Payment to Debtor(Exemption)	\$ _____
Tax Preparation Fees (up to \$750/List Preparer)	\$ _____
Interim Fees Paid to Professionals - Ch. 7 (List)	\$ _____
Interim Expenses Paid to Professionals- Ch. 7 (List)	\$ _____
Interim Fees Paid to Paraprofessionals - Ch. 7 (List)	\$ _____
Interim Expenses Paid to Paraprofessionals - Ch. 7 (List)	\$ _____
Interim Fees Paid to Professionals- Chapter 11 (List)	\$ _____
Interim Expenses Paid to Professionals- Chapter 11(List)	\$ _____
Other (Provide Explanation)	\$ _____

TOTAL DISBURSEMENTS: **B. \$ _____**

ESTATE FUND BALANCE **C. \$ _____**

3. PROJECTED DISBURSEMENTS:

Trustee Fee Requested		\$ _____
Debtor's Attorney (List)	Fee	\$ _____
	Expense	\$ _____
Attorney. for Trustee (List)	Fee	\$ _____
	Expense	\$ _____
Accountants for Trustee (List)	Fee	\$ _____
	Expense	\$ _____
Other (Name)	Fee	\$ _____
	Expense	\$ _____
U.S. Trustee Fee		\$ _____
Miscellaneous Court Cost		\$ _____
FUNDS AVAILABLE FOR CREDITORS		\$ _____
Payment to Debtor (Surplus)		\$ _____

TOTAL PROJECTED DISBURSEMENTS: D. \$ _____
(D must equal C)

TOTAL OF ALL DISBURSEMENTS: E. \$ _____
(B plus D must equal A)

Exhibit B-3
TFR Attachment
Trustee's Statement of Activities

TRUSTEE'S STATEMENT OF ACTIVITIES

The trustee's statement of significant administrative activities should be submitted in chronological order in substantial compliance with the following format:

<u>Date</u>	<u>Description of Activity</u>
8/1/93	Trustee took possession of five retail stores.
8/3/93	Inventory completed by XXX, Inc.
9/2/93	Preference Action filed against Batman Corp.
10/4/93	Auction of 100,000 widgets.
11/5/93	Motion to turnover assets filed against Debtor's principal.

Exhibit B-4
TFR Attachment
Trustee's Time Record

This form is required in all cases where the fees requested by the trustee exceeds \$3,000.

TRUSTEE TIME RECORD

<u>Date</u>	<u>Hours</u>	<u>Description</u>
xx/xx/xx	2.5	Telephone conference with xxxxxx.
xx/xx/xx	0.3	Meeting with lessors, secured creditor.
xx/xx/xx	0.1	Closed bank accounts.
xx/xx/xx	2.0	Drafted letter to debtor

Instructions for Time Record Format - Trustee Fees and Expenses

"Hours" should be calculated by tenths; no "lumping." If the trustee has been employed as the attorney for the trustee, then it may be required that you provide the applicable hourly rate for services performed.

"Description" should include sufficient detail to identify the tasks performed.

Exhibit B-5
TFR Attachment
Trustee's Report of Proposed
Distribution

TRUSTEE'S REPORT OF PROPOSED DISTRIBUTION

CLASS OF CREDITOR BEING PAID:

_____ CHAPTER 7 ADMINISTRATIVE CLAIMS;
 _____ CHAPTER 11 ADMINISTRATIVE CLAIMS;
 _____ PRIORITY CLAIMS;
 _____ GENERAL UNSECURED
 _____ OTHER:_____.

PROPOSED PERCENTAGE OF DIVIDEND PAID ON CLAIMS IN THE ABOVE-DESIGNATED CLASS: _____ %

[illegible]

Exhibit C
Notice of Filing of TFR,
Modified Summary and Trustee's
Proposed Distribution

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UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA

In re:)	Case No.
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)	Chapter 7
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)	NOTICE OF FILING OF TRUSTEE'S
)	FINAL REPORT AND HEARING ON
)	APPLICATIONS FOR APPROVAL OF
	)	PROFESSIONAL FEES AND EXPENSES
)	
Debtor(s).)	
_____)	

TO THE CREDITORS AND ALL OTHER INTERESTED PARTIES:

1. NOTICE IS GIVEN that _____, Chapter 7 Trustee, has filed a Final Report and Account in the above-captioned case and that a hearing will be held before HONORABLE _____, U.S. BANKRUPTCY JUDGE, in Courtroom _____, _____ Floor, 255 East Temple Street, Los Angeles, CA 90012 on _____, at _____.

2. The following applications for final approval of fees and expenses have been filed by the
Chapter 7 Trustee and professionals:

<u>APPLICANT</u>	<u>PREVIOUS ALLOWANCES AUTHORIZATIONS</u> ¹	<u>PRESENT REQUEST</u> ²	<u>TOTAL FINAL REQUEST</u> ³	<u>PAID TO DATE</u> ⁴	<u>REMAINS TO BE PAID</u> ⁵
<hr/> TRUSTEE (CH.7)					
FEES:	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
EXPENSES:	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
BOND:	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
TAXES:	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
<hr/> ATTORNEY (CH.7)					
FEES:	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
EXPENSES:	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
<hr/> ACCOUNTANT (CH.7)					
FEES:	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
EXPENSES:	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

—

¹ Includes allowances on interim requests for fees and expenses and actual payments made pursuant to budget authorizations.

² Includes all amounts requested for which no approval has been obtained.

³ Includes all amounts for fees and expenses in the case for which final approval is sought, whether or not previously on interim application or authorized by budget.

⁴ Actual amounts paid out to date.

⁵ Amount remaining to be paid if Total Final Request is awarded by the Court.

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PARAPROFESSIONAL (CH.7)

FEES:	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
EXPENSES:	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

TAX PREPARERS (CH.7)

FEES:	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
EXPENSES:	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

OTHER PROFESSIONALS (CH.7)

FEES:	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
EXPENSES:	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

2.1. The following applications for final approval of fees and expenses have been filed by the previous Chapter 11 Trustee and professionals (*do not attach if not applicable*):

<u>APPLICANT</u>	<u>PREVIOUS ALLOWANCES/ AUTHORIZATIONS</u>	<u>PRESENT REQUEST</u>	<u>TOTAL FINAL REQUEST</u>	<u>PAID TO DATE</u>	<u>REMAINS TO BE PAID</u>
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TRUSTEE (CH.11)

FEES:	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
EXPENSES:	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

ATTORNEY (CH.11)

FEES:	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
EXPENSES:	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

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OTHER PROFESSIONALS (CH.11)

3. The modified Summary of Receipts and Disbursements and the Report of Proposed Distribution to Creditors attached as exhibits hereto summarize the information and projections contained in the Chapter 7 Trustee's Final Report and Account. The complete Final Report and Account has been filed with the Court and is available for inspection or copying at the Clerk's Office.

5. ATTENDANCE BY DEBTOR(S) OR CREDITOR(S) IS NOT required unless they are objecting to any matter regarding the Trustee's Final Report and Account. Pursuant to Local Bankruptcy Rule 9013-1(a)(7), any and all objections must be served and filed in writing at least fourteen (14) days prior to the hearing. Untimely objections may be deemed waived. In the absence of a timely objection by the United States Trustee or other party in interest, the Court may discharge the Chapter 7 Trustee and close the case without reviewing the final report and account or determining the merits of the Chapter 7 Trustee's certification that the estate has been fully administered. See Federal Rule of Bankruptcy Procedure 5009.

Chapter 7 Trustee

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MODIFIED SUMMARY OF RECEIPTS AND DISBURSEMENTS

1. RECEIPTS:

Sale of Personal Property \$ _____
Liquidation of Real Property \$ _____
Tax Refunds \$ _____
Collection of Accounts Receivable \$ _____
Interest \$ _____
Other (Please List) _____
 Utilities \$ _____
 Workers' Compensation \$ _____

TOTAL RECEIPTS:

A. \$ _____

2. DISBURSEMENTS:

Administrative Rent \$ _____
Bond Premium \$ _____
Utilities \$ _____
Insurance \$ _____
Property Maintenance \$ _____
Storage Costs \$ _____
Secured Creditors \$ _____
Federal & State Payroll Taxes \$ _____
State Sales & Use Taxes \$ _____
Real Estate Taxes \$ _____
Payment to Debtor (Exemption) \$ _____
Interim Fees Paid to Professionals (Ch. 7) \$ _____
Interim Expenses Paid to Professionals (Ch. 7) \$ _____
Interim Fees Paid to Professionals (Ch. 11) \$ _____
Interim Expenses Paid to Professionals (Ch. 11) \$ _____
Interim Fees Paid to Paraprofessionals (Ch. 7) \$ _____
Interim Expenses Paid to Paraprofessional (Ch. 7) \$ _____
Ch. 11 Expenses Paid by the Ch 7 Trustee (List) \$ _____
Tax Preparer Fees (limited to \$750) \$ _____
Other (Please Explain) \$ _____

TOTAL DISBURSEMENTS:

B. \$ _____

CASH BALANCE ON HAND:

C. \$ _____

3. PROJECTED DISBURSEMENTS FOR FEES AND EXPENSES:

CASE TRUSTEE AND PROFESSIONAL FEES AND EXPENSES
(see paragraph 2. and, if applicable, 2.1., in Notice above):

\$ _____

UNITED STATES TRUSTEE FEE:

\$ _____

MISCELLANEOUS COURT COSTS:

\$ _____

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**TOTAL PROJECTED DISBURSEMENTS FOR FEES
AND EXPENSES REMAINING TO BE PAID:**

D. \$ _____

FUNDS AVAILABLE FOR CREDITORS:

E. \$ _____

PAYMENT TO DEBTOR (surplus funds):

F. \$ _____

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CERTIFICATE OF MAILING

I hereby certify that copies of the NOTICE OF FILING OF TRUSTEE'S FINAL REPORT AND HEARING ON APPLICATIONS FOR APPROVAL OF PROFESSIONAL FEES AND EXPENSES with the MODIFIED SUMMARY OF RECEIPTS AND DISBURSEMENTS and TRUSTEE'S REPORT OF PROPOSED DISTRIBUTION were mailed to the following parties: To the Debtor and to the Debtor's Attorney, to all creditors who have duly filed proofs of claim, to the Trustee and the Trustee's attorney, to the United States Trustee, and to such parties as may appear on record in the file

Dated:

JON D. CERETTO
Clerk of the Bankruptcy Court

By: _____
Deputy Clerk

Exhibit D

Order Allowing Administrative
Claims, Professional Fees and
Expenses, Trustee Fees and
Expenses

Trustee Name
Address
Phone

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA

In re:

Case No.
Chapter 7

ORDER ALLOWING ADMINISTRATIVE CLAIMS, PROFESSIONAL FEES AND EXPENSES, TRUSTEE FEES AND EXPENSES

Debtor(s)

A. MISCELLANEOUS COURT COSTS AND FEES:

U.S. BANKRUPTCY COURT CLERK:

Complaints \$_____ Search Fees \$_____

Notices \$_____ Photocopies \$_____

Certification \$_____ Claims in

Excess of 10 \$_____

SUBTOTAL OF COURT COSTS: \$ _____

UNITED STATES TRUSTEE FEES: \$_____

TOTAL MISCELLANEOUS FEES ALLOWED: \$ _____
(Sum of Court Costs and UST fees)

	<u>TOTAL FINAL REQUEST</u>	<u>TOTAL ALLOWED</u>	<u>PAID- TO-DATE</u>	<u>REMAINING TO BE PAID</u>
B. PROFESSIONAL FEES AND EXPENSES:				
<hr/> ATTORNEY				
FEES:	\$ _____	\$ _____	\$ _____	\$ _____
EXPENSES:	\$ _____	\$ _____	\$ _____	\$ _____
<hr/> ACCOUNTANT				
FEES:	\$ _____	\$ _____	\$ _____	\$ _____
EXPENSES:	\$ _____	\$ _____	\$ _____	\$ _____
<hr/> PARAPROFESSIONALS (LIST)				
FEES:	\$ _____	\$ _____	\$ _____	\$ _____
EXPENSES:	\$ _____	\$ _____	\$ _____	\$ _____
<hr/> OTHER PROFESSIONALS (LIST)				
FEES:	\$ _____	\$ _____	\$ _____	\$ _____
EXPENSES:	\$ _____	\$ _____	\$ _____	\$ _____
C. TRUSTEE FEES AND EXPENSES:				
FEES:	\$ _____	\$ _____	\$ _____	\$ _____
EXPENSES:	\$ _____	\$ _____	\$ _____	\$ _____
TAXES:	\$ _____	\$ _____	\$ _____	\$ _____
BOND:	\$ _____	\$ _____	\$ _____	\$ _____

If the final dividend to creditors is the same or higher than proposed in the Trustee's Final Report, the Trustee shall immediately proceed with the final distribution to creditors and professionals. If the final dividend to creditors is less than that which was proposed in the Trustee's File Report, the Trustee shall submit forthwith to the United States Trustee an AMENDED TRUSTEE'S REPORT OF PROPOSED

DISTRIBUTIONS AND DIVIDEND PAYMENTS within 30 days of the entry of this order by the Court. Within 14 days the United States Trustee will review the proposed distribution and notify the trustee to proceed with the final distribution to creditors and professionals. The distribution to creditors and professionals shall occur at the same time and no later than 90 days of the entry of this order.

Dated:

U.S. Bankruptcy Judge

CERTIFICATE OF MAILING

I hereby certify that a copy of this Order was mailed to the Trustee and to the Office of the United States Trustee.

Dated:

JON D. CERETTO
Clerk of the Bankruptcy Court

By: _____
Deputy Clerk

Exhibit E
Trustee's Final Account

Trustee Name
Address
Phone

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA

In re:) Case No.
) Chapter 7
)
)
 Debtor)
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 _____)

**TRUSTEE'S FINAL ACCOUNT,
CERTIFICATION THAT THE ESTATE
HAS BEEN FULLY ADMINISTERED
AND HAS A ZERO BALANCE,
DISTRIBUTION REPORT FOR
CLOSED ASSET CASE-FORM 4, AND
APPLICATION FOR DISCHARGE**

The undersigned trustee does hereby make and file this Final Account and states as follows:

1. This estate has been fully administered.
2. All funds have been disbursed consistent with the proposed distribution submitted with the Trustee's Final Report (as summarized in **Form 4**, the Distribution Report for Closed Asset Cases, attached as **Exhibit A**).
3. All checks have been negotiated, any unclaimed funds and dividends under \$5.00 have been paid into the registry of the Court, and no funds or assets of the estate remain.

4. Attached as **Exhibit B** is **Form 2**, Cash Receipts and Disbursements Record, which reflects all transactions from the date of the Trustee's Final Report , and shows a zero balance.

WHEREFORE, pursuant to 11 U.S.C. § 350 and FRBP 5009, the Trustee requests that this Final Account be accepted, and that the Court order the case closed and discharge the Trustee from any further duties. I, the Trustee in Bankruptcy of the above named Debtor(s), declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief.

Date: _____

TRUSTEE

PART A

SAMPLE FORM 4
Distribution Report for Closed Asset Cases

Version 2, 12/1/01

Case No. 99-12345
Case Name: John L. & Sally B. Doe
Date Filed/Converted to Ch. 7: 07/01/00

Trustee Name: Mary Smith
Date Submitted: 07/31/02

	<u>\$ AMOUNT RECEIVED</u>	<u>% OF RECEIPTS</u>
GROSS RECEIPTS	\$1,000,000.00	100.00%
Less:		
Funds Paid to Debtor	3,400.00	0.34%
Exemptions	0.00	0.00%
Excess Funds	0.00	0.00%
Funds Paid to 3 rd Parties		
NET RECEIPTS	<u>\$996,600.00</u>	<u>99.66%</u>
	<u>\$ AMOUNT PAID</u>	<u>% OF RECEIPTS</u>
	<u>\$ CLAIMS</u>	
SECURED CLAIMS:		
Real Estate	\$400,000.00	40.00%
Personal Property & Intangibles	33,000.00	3.30%
Internal Revenue Service Tax Liens	0.00	0.00%
Other Governmental Tax Liens	3,000.00	0.30%
TOTAL SECURED CLAIMS	<u>\$436,000.00</u>	<u>43.60%</u>
PRIORITY CLAIMS:		
CHAPTER 7 ADMINISTRATIVE FEES § 507(a)(1) and		
CHARGES under Title 28, Chapter 123:		
Trustee Fees	47,330.00	4.73%
Trustee Expenses	2,000.00	0.20%
Legal Fees & Expenses:		
Trustee's Firm Legal Fees	0.00	0.00%
Trustee's Firm Legal Expenses	0.00	0.00%
Other Firm's Legal Fees	25,000.00	2.50%
Other Firm's Legal Expenses	1,500.00	0.15%
Accounting Fees and Expenses		
Trustee's Firm Accounting Fees	0.00	0.00%
Trustee's Firm Accounting Expenses	0.00	0.00%
Other Firm's Accounting Fees	4,000.00	0.40%
Other Firm's Accounting Expenses	0.00	0.00%
Real Estate Commissions	25,000.00	2.50%
Auctioneer/Liquidator Fees	20,000.00	2.00%
Auctioneer/Liquidator Expenses	10,000.00	1.00%
Other Professional Fees/Expenses	1,000.00	0.10%
Expenses of Operating Business in Chapter 7	0.00	0.00%
Other Expenses	5,700.00	0.57%
Income Taxes - Internal Revenue Service	5,000.00	0.50%
Other State or Local Taxes	0.00	0.00%
U.S. Trustee Fees	0.00	0.00%
Court Costs	800.00	0.08%
TOTAL CHAPTER 7 ADMINISTRATIVE FEES & EXPENSES	<u>\$147,330.00</u>	<u>14.73%</u>
TOTAL PRIOR CHAPTER ADMINISTRATIVE FEES § 507(a)(1)		
(From attached Part B)	0.00	0.00%

WAGES § 507(a)(3)	9,200.00	9,200.00	0.92%
CONTRIBUTIONS: EMPLOYEE BENEFIT PLANS § 507(a)(4)	900.00	1,900.00	0.09%
ALIMONY & CHILD SUPPORT § 507(a)(7)	4,600.00	4,600.00	0.46%
CLAIMS OF GOVERNMENTAL UNITS § 507(a)(8)	25,000.00	25,000.00	2.50%
OTHER § 507 (a)(2), (5), (6), & (9)	0.00	0.00	0.00%
TOTAL PRIORITY CLAIMS § 507(a)(3) to § 507 (a)(9)	\$39,700.00	\$39,700.00	3.97%
GENERAL UNSECURED CLAIMS	\$1,200,000.00	\$373,570.00	37.36%
TOTAL DISBURSEMENTS	\$1,823,430.00	\$996,600.00	99.66%

PART B

SAMPLE FORM 4
Distribution Report for Closed Asset Cases

Version 2, 12/1/01

Case No. 3990165432
Case Name: John L. & Sally B. Doe
Date Filed/Converted to Ch. 7: 07/01/01

Trustee Name: Jenny Ward
Date Submitted: 12/31/01

	\$ CLAIMS	\$ AMOUNT PAID	% OF RECEIPTS
PRIOR CHAPTER ADMINISTRATIVE FEES § 507(a)(1)			
Trustee Fees	\$0.00	\$0.00	0.00%
Trustee Expenses	0.00	0.00	0.00%
Legal Fees & Expenses:			
Trustee's Firm Legal Fees	0.00	0.00	0.00%
Trustee's Firm Legal Expenses	0.00	0.00	0.00%
Other Firm's Legal Fees	0.00	0.00	0.00%
Other Firm's Legal Expenses	0.00	0.00	0.00%
Accounting Fees and Expenses			
Trustee's Firm Accounting Fees	0.00	0.00	0.00%
Trustee's Firm Accounting Expenses	0.00	0.00	0.00%
Other Firm's Accounting Fees	0.00	0.00	0.00%
Other Firm's Accounting Expenses	0.00	0.00	0.00%
Real Estate Commissions	0.00	0.00	0.00%
Auctioneer/Liquidator Fees	0.00	0.00	0.00%
Auctioneer/Liquidator Expenses	0.00	0.00	0.00%
Other Professional Fees/Expenses	0.00	0.00	0.00%
Income Taxes - Internal Revenue Service	0.00	0.00	0.00%
Other State or Local Taxes	0.00	0.00	0.00%
Operating Expenses	0.00	0.00	0.00%
Other Expenses	0.00	0.00	0.00%
TOTAL PRIOR CHAPTER ADMINISTRATIVE FEES	\$0.00	\$0.00	0.00%

Exhibit F

Amended Trustee's Report of
Proposed Distributions and
Dividend Payments

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UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA

In re:)	Case No.
)	
	)	Chapter 7
)	
	)	AMENDED TRUSTEE'S REPORT OF
	)	PROPOSED DISTRIBUTIONS AND
	)	DIVIDEND PAYMENTS
)	
Debtor(s).)	
_____)	

TO THE HONORABLE _____, UNITED STATES TRUSTEE, AND OTHER
PARTIES IN INTEREST:

Chapter 7 Trustee _____ has received from the Court an Order Allowing
Administrative Claims, Professional Fees and Expenses, Trustee Fees and Expenses, a copy of which
is attached at No.1, that sets forth creditor dividend payments in an amount less than that which was
reported in the Trustee's Final Report; Application for Trustee Fees and Expenses; and Report of
Proposed Distribution filed with the Court on _____.

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Based on the hearing held on _____ and the Court's subsequent order, the Trustee reports that fees and expenses to be paid to trustee and trustee's professionals are as follows:

LIST

The Trustee proposes distributions as indicated in Attachment No. 2. If no objection is made or a hearing is not requested within 30 days of service, the Trustee will proceed with the distribution set forth in Attachment No. 2. The distribution to professionals and creditors will be made at the same time.

Dated: _____

Chapter 7 Trustee

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CERTIFICATE OF MAILING

I hereby certify that copies of the NOTICE OF FILING OF TRUSTEE'S FINAL REPORT AND HEARING ON APPLICATIONS FOR APPROVAL OF PROFESSIONAL FEES AND EXPENSES with the MODIFIED SUMMARY OF RECEIPTS AND DISBURSEMENTS and TRUSTEE'S REPORT OF PROPOSED DISTRIBUTION were mailed to the following parties: To the Debtor and to the Debtor's Attorney, to all creditors who have duly filed proofs of claim, to the Trustee and the Trustee's attorney, to the United States Trustee, and to such parties as may appear on record in the file

Dated:

JON D. CERETTO
Clerk of the Bankruptcy Court

By: _____
Deputy Clerk

Procedural Memo for Staff and Trustees

**Revised Forms and Procedures for Use in
the Chapter 7 Asset Case Closing Process**
effective July 1, 2002

The chapter 7 asset case closing procedures are being amended effective July 1, 2002, to more closely reflect the process set forth in the *Amended Memorandum of Understanding Between the Executive Office for United States Trustees and the Administrative Office of the United States Courts Regarding Case Closing and Post Confirmation Chapter 11 Monitoring* dated April 1, 1999 ("Amended MOU") and the *Handbook for Chapter 7 Trustees* dated March 1, 2001. The case closing procedures described in both of these documents envision that if the court awards compensation and expenses as provided in the final report, and the Office of the United States Trustee ("OUST") has approved the final report, upon entry of the compensation and expense order, the trustee shall commence payment of dividends. This is in contrast to the current procedure that requires the chapter 7 trustee to receive authorization from the OUST prior to making any distribution, even when the OUST has no objection and the court has awarded fees and expenses. This is an unnecessary step which, if deleted, would eliminate the delay caused by the existing review process in virtually all cases.^{1/}

Existing Procedures

At the present time, the closing process consists of three primary phases. First, the trustee is required to submit a final report of the estate administration. Based on the filing of the final report with the court, a hearing is held to determine administrative allowances for fees and expenses. Second, after the allowances are determined, the trustee calculates the distributions to all parties and submits it to the OUST for review. Once authorization is received from the OUST, the trustee proceeds with the distribution. The third phase commences when the estate bank accounts reflect a zero balance. At that point, the trustee submits a Statement of Zero Balance Report pursuant to FRBP 3011 stating that estate accounts hold no funds and requesting that the case be closed by the court.

New Procedures

A. **Changes in TDR Review Process**

Effective July 1, 2002, the requirement to submit the *Trustee's Report of Distributions and Dividend Payments* to the OUST for review prior to disbursement has been eliminated, thereby also eliminating the 30 day objection period in all cases where the court has awarded compensation and expenses as provided for in the *Notice of the Filing of Final Report and Hearing on Applications for Approval of Professional Fees and Expenses*, and the OUST has approved the final report. Rather, upon entry of the compensation and expense order, the trustee

^{1/}These changes are effective on the same day, July 1, 2002, that all trustees are required to file an electronic Form 4 with the OUST in each case being closed, unless a waiver is received from the United States Trustee.

shall commence payment of dividends in accordance with the proposed dividend report attached to the approved final report. Moreover, if the court modifies the fees and expenses in such a way that dividends to creditors are **increased**, the trustee should still proceed with the distribution and footnote the difference.² In addition, for administratively insolvent cases, trustees should proceed with the prorata distribution for administrative expenses that would be verified by the OUST post-distribution.

The trustee should make the final distribution to creditors as soon as possible but no later than 30 days of the entry of the final orders on compensation and expenses. The trustee should continue to follow existing procedures regarding the transmittal of miscellaneous court costs and for dividends that fall under FRBP 3010. This is also true for the handling of unclaimed funds under FRBP 3011.

Under the proposed procedure, within 150 days after the entry of the *Order Allowing Administrative Claims, Professional Fees and Expenses, Trustee Fees and Expenses*, a trustee must submit to the OUST for review a final account signed under penalty of perjury that the estate has been fully administered. The *Trustee's Final Account, Certification that the Estate has been Fully Administered and has a Zero Balance, Form 4 - Distribution Report for Closed Asset Cases, and Application for Discharge* that would be submitted for review to the OUST post-distribution. This is final accounting of distributions in the case and the trustee must attach:

1. Form 4 - Distributions Report for Closed Asset Cases;
2. Form 2 - Cash Receipts and Disbursement Record; and
3. Original Bank Statements and Canceled Checks.

The original *Final Account* and two copies should be submitted to the OUST for review.³ Within 30 days of receipt, the OUST must complete its review and file the original with the court along the following statement:

The United States Trustee has fully reviewed the *Final Account, Certification that the Estate has been Fully Administered and has a Zero Balance, Distribution Report for Closed Asset Case, and Application for Discharge* of the trustee in accordance with the standard set forth in the AMOU and has no objection to the

²The AMOU provides that any modification to the OUST-approved final report's proposed distribution or professional fees and expenses requires that the trustee submit the revised proposed distribution to the OUST for approval. We are suggesting that this be done only if the modification affects creditors negatively.

³The original *Final Account* will be filed with the court and a reviewed copy will be returned to the trustee along with the OUST's statement of review. One copy will be maintained by the OUST.

trustee's certification that the estate has been fully administered and is ready to close.

If, however, the court in a rare instance modifies the fees and expenses resulting in a decrease in dividends to creditors or an increase in fees and expenses to professionals, the trustee must not make the distribution of dividends until the proposed dividend distribution report has been reviewed by the OUST. Under this scenario, the trustee would receive notification back within 30 days authorizing the distribution similar to the existing process. Within 150 days of the distribution, the trustee would prepare a final account as set forth above.

Other Changes - Interest Bearing Funds

In conjunction with the above changes, effective immediately trustees are authorized to maintain estate funds in an interest bearing account until they are ready to distribute the funds. Under the current closing procedures in this region, trustees are required to close all investment and interest bearing accounts within 30 days prior to the submission of the final report for review. This process was developed to eliminate the submission of supplemental final reports. Rather than close interest bearing accounts, the trustee may keep funds invested until the trustee is ready to distribute funds to creditors. The difference between the distribution as calculated in the *TFR* and reported in the *Final Account* should be footnoted in the *Final Account*. The trustee may request in the *TFR* that the court authorize a fee on the increase or waive the fee. If the balance on hand is less than an amount that would justify the estate funds remaining invested, such as if it would cause additional tax preparation work to be required, the trustees may close accounts and prepare the *TFR*. The *TFR* should include a justification for closing interest bearing accounts as trustees are always accountable for their investment decisions.